

## Historical Papers Communications historiques



# The Wheat Staple and Upper Canadian Development

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Volume 13, numéro 1, 1978

London 1978

URI : <https://id.erudit.org/iderudit/030475ar>

DOI : <https://doi.org/10.7202/030475ar>

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### Éditeur(s)

The Canadian Historical Association/La Société historique du Canada

### ISSN

0068-8878 (imprimé)

1712-9109 (numérique)

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### Citer cet article

McCalla, D. (1978). The Wheat Staple and Upper Canadian Development. *Historical Papers / Communications historiques*, 13(1), 34–46. <https://doi.org/10.7202/030475ar>

### Résumé de l'article

On a dit, et sans doute avec raison, que le commerce du blé fut à la base du développement économique du Haut-Canada. Cependant, si l'on tente d'organiser la masse des données accumulées à date de façon à construire un modèle qui rende compte à la fois du progrès économique et de sa chronologie, de multiples difficultés surgissent en ce qui concerne la séquence des changements et la place qu'y a pris le blé, particulièrement, le blé exporté. Par exemple, si le blé exporté a engendré le développement qu'est-ce donc qui a permis qu'on en produise autant? N'est-il pas possible que ces facteurs antérieurs soient plus en mesure d'expliquer le processus du progrès économique? Ce sont là les questions que se pose l'auteur en examinant la situation et les événements de la décennie 1830. Ce qui frappe, au départ, c'est que la période 1832-1838 augure mal pour le Haut-Canada à cause des bonnes récoltes en Grande-Bretagne. Pourtant, la population augmente régulièrement de même que le nombre d'acres en culture. L'habitant emprunte pour continuer de produire et l'auteur y voit la preuve que, d'une part, l'endettement est considéré comme une stratégie d'investissement raisonnable et que, d'autre part, il existe un autre marché pour le blé haut-canadien à l'époque, en l'occurrence, celui du Bas-Canada. Autre problème: l'on constate que le blé n'est pas nécessairement à la base du développement d'autres secteurs; ainsi, les canaux se construisent pour des motifs militaires, et ce, bien avant les bonnes récoltes de 1829-1831. Il ne s'agit là que de quelques exemples que l'auteur apporte à l'appui de son assertion première selon laquelle la question du blé ne peut suffire à expliquer le développement économique du Haut-Canada. Il suggère donc de recourir à une approche différente par l'étude de l'investissement. Celle-ci, dit-il, rendra mieux compte de la place des capitaux britanniques dans l'économie haut-canadienne, des mécanismes de crédit et de la gamme des activités commerciales. Il insiste, de plus, sur l'importance d'établir une véritable chronologie du progrès économique: alors seulement sera-t-il possible d'étudier les phases du progrès et leur intensité respective.

# *The Wheat Staple and Upper Canadian Development*

DOUGLAS McCALLA

To understand the growth of the Upper Canadian economy, it is essential to understand the place in it of the wheat staple, which was "the basis of the provincial economy in most of the settled parts of the province."<sup>1</sup> Wheat remained pre-eminent even as late as 1860 when, after a decade of economic expansion and diversification, about half of the acreage cultivated in Upper Canada was still given over to wheat; of all crops grown, only wheat and barley were said to have been traded in significant amounts.<sup>2</sup> Earlier, wheat had been the one crop that a farmer could reasonably expect to sell each year. Not surprisingly, therefore, it has been argued that "it was the export trade in wheat and flour that held the key to Upper Canada's development. . . ."<sup>3</sup>

Of the truth of this there can, in a sense, be no dispute. Yet when one tries to translate the considerable body of research that has been done on Upper Canada's wheat economy into a framework or model that explains the extent and the timing of Upper Canadian growth, one encounters difficulties. These have particularly to do with sequences of economic change and the place of wheat, especially wheat exports, in them. Moreover, if expanded wheat exports caused economic growth, what caused or permitted wheat output to increase in the first place? Could these prior factors not be more significant in explaining the process of economic expansion?<sup>4</sup> This paper will discuss such problems, drawing for illustration particularly upon evidence from the 1830's.

## I

The 1830's began very favourably for the staples economy of Upper Canada, as British demand for wheat, reflected in high prices and high import volumes, increased enormously between 1829 and 1831 (Figures I & II). As a result of earlier growth and despite the widely noted inadequacies of the St. Lawrence transportation system, Upper Canada was able to play an important role in meeting

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1. G.M. Craig, *Upper Canada, The Formative Years, 1784-1841* (Toronto, 1963), p. 146.
  2. R.L. Jones, *History of Agriculture in Ontario, 1613-1880* (Toronto, 1946), pp. 239, 243; R.C. Harris & John Warkentin, *Canada Before Confederation* (New York, 1974), p. 136. In this paper, "wheat" normally includes wheat flour as well.
  3. H.G.J. Aitken, *The Welland Canal Company* (Cambridge, Mass., 1954), p. 13.
  4. See H.C. Pentland, "The Role of Capital in Canadian Economic Development before 1875", *Canadian Journal of Economics and Political Science*, xvi (1950), p. 462.

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that demand, its contribution to Canadian exports being said to have totalled about 720,000 bushels (90,000 quarters) in 1830 and about 900,000 bushels (110,000 quarters) in 1831.<sup>5</sup> At the same time, two major capital works, the Welland Canal and the Rideau Canal, were completed. Capital invested in these, and the reduction in transport risks and costs that they would engender on com-

Figure I      British Imports of  
Canadian Wheat and Flour  
(000) quarters of Wheat

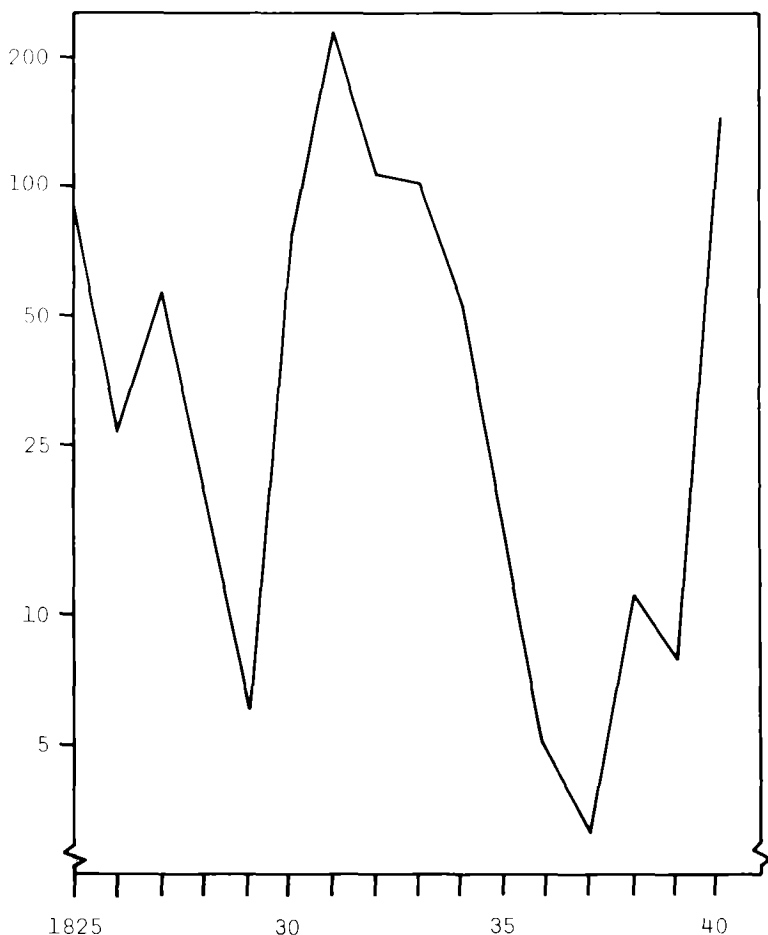


Figure I. F.W. Burton, "Wheat in Canadian History", *Canadian Journal of Economics and Political Science*, iii (1937), p. 213.

5. H.S. Chapman, *A Statistical Sketch of the Corn Trade of Canada* (London, 1832), pp. 5, 33-4.

Figure II

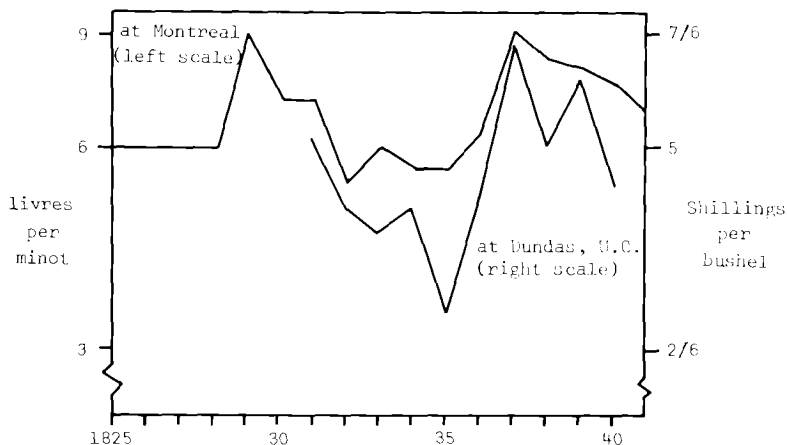
Prices of Wheat  
in Canada

Figure II. Dundas price (January of each year) from F.W. Burton, *op. cit.*, p. 215; Montreal price from F. Ouellet, *Histoire Economique et Sociale du Québec, 1760-1850* (Montreal, 1966), p. 603.

Figure III

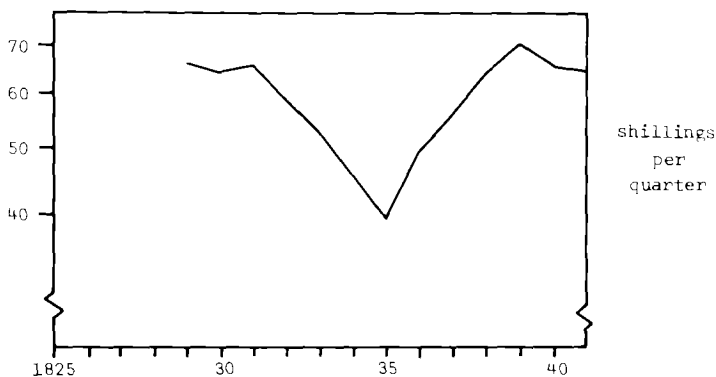
Prices of Wheat  
in Britain

Figure III. R.C.O. Matthews, *A Study in Trade Cycle History: Economic Fluctuations in Great Britain, 1833-1842* (Cambridge, 1954), p. 30.

British harvests, however, improved markedly and Britain returned, for what proved to be the last time, to a state of self-sufficiency in wheat production. As a result, British imports of wheat and the price of wheat in Britain and elsewhere fell very sharply from peak levels. In Upper Canada, prices by 1834-5 were well below minimum costs to produce and transport wheat or flour to market (Figures I, II & III). Although grain prices then revived, there were serious pletion, must further have stimulated the economy. Drawn by the evident prosperity of at least Upper Canada, a rising volume of immigrants passed through Quebec (Figure V).

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Figure IV                      Indicators of Growth  
in Upper Canada

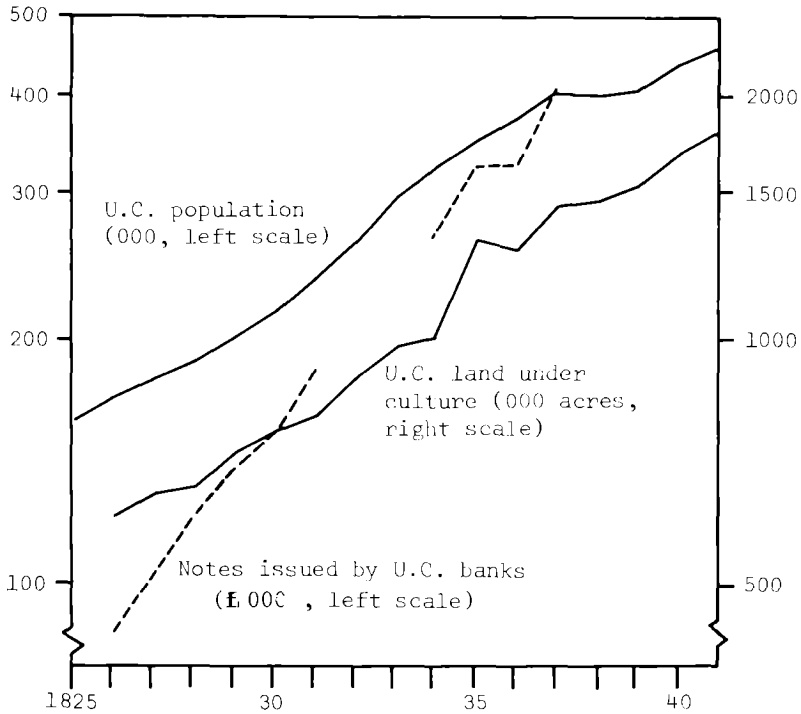


Figure IV. Population and acreage figures from *Census of Canada, 1871*, vol. iv, pp. 86-131; bank note figures from R.M. Breckenridge, *op. cit.*, pp. 52, 66.

enough crop deficiencies in Upper Canada between 1835 and 1838 that aggregate income for many farmers may well not have increased greatly despite rising prices.<sup>6</sup> Thus, the entire period from 1832 to 1837 or 1838 was one of apparent difficulty for the staple producing sector of the Upper Canadian economy.

This might have been expected, in a staples-dependent province such as Upper Canada, to have engendered a major depression and, indeed, there were some indications of depression there, especially at the lowest point in the wheat-price cycle.<sup>7</sup> Nevertheless, most evidence tends to belie the seriousness of any depression. Thus, until 1837, population grew at a steady rate, and the series for land under culture showed, essentially, a parallel rate of growth (Figure IV). By 1837, when the growth rate of each did slow, the price of wheat had fully recovered from its earlier decline. The note circulation of Upper Canadian banks (Figure IV) rose even more rapidly than the population and land series, and more

6. R.L. Jones, *op. cit.*, pp. 123-5.

7. *Montreal Gazette*, 23 May 1835, quoted in H.A. Innis and A.R.M. Lower, *Select Documents in Canadian Economic History 1783-1885* (Toronto, 1933), p. 250.

Figure V Immigrant Arrivals at Quebec  
(000)

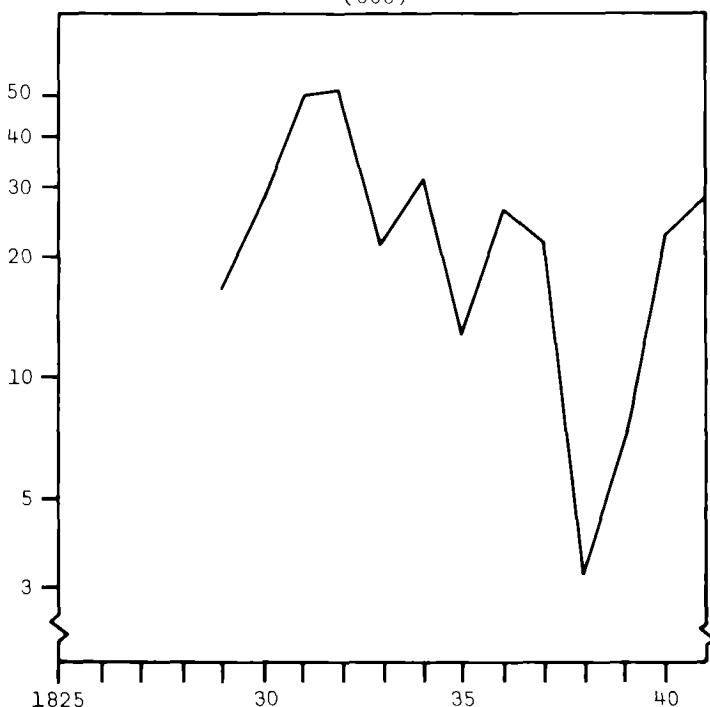


Figure V. Helen Cowan, *British Emigration to British North America: The First Hundred Years*, revised ed. (Toronto, 1961), p. 289.

fragmentary evidence indicates that imports to Upper Canada also rose quite steadily. Immigrant arrivals in the Canadas continued at a relatively substantial level (Figure V). All these developments reached a climax in an intense boom in 1836.<sup>8</sup>

The discrepancy between trends in the grain market and those of other economic indicators poses, at first sight, something of a paradox. How could such general expansion go on when Upper Canada's basic staple faced such major problems? In some models of staples development, which begin with a stage of "self-sufficiency" or subsistence-level farming,<sup>9</sup> the apparent paradox is resolved by assuming that farmers were not initially involved with or could at times with-

8. H.G.J. Aitken, *op. cit.*, pp. 141-2; A.D. Gayer, W.W. Rostow and Anna J. Schwartz, *The Growth and Fluctuation of the British Economy 1790-1850*, 2 vols. (Oxford, 1953), i, pp. 215, 251; D.G. Creighton, *The Empire of the St. Lawrence* (Toronto, 1956), p. 308; R.M. Breckenridge, *The Canadian Banking System 1817-1890* (Toronto, 1894), pp. 53-62.

9. J. Spelt, *Urban Development in South-Central Ontario* (Toronto, 1972), pp. 69, 71, 89, 97; Leo Johnson, *History of the County of Ontario, 1615-1875* (Whitby, 1973), p. 87.

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draw completely from the market. After all, clearing a farm to begin production took time. But it also required capital to get to Upper Canada, to acquire land, to equip a farm initially, and to buy essential supplies until a surplus could be produced for sale, generally after two or three years on the land. At the normal rate at which land could be cleared, it was likely to take at least ten years to bring a farm into relatively full production.<sup>10</sup> During all that time, given the improvements required or desired—for example, in buildings or tools—the farmer's need for capital must have tended to exceed his income. If in these years farmers were less involved than they might *later* be in the market, the description of the early stage as "self-sufficient" is still inappropriate, because there can scarcely have been any new settler who did not have to draw on the market for at least some supplies on a continuing basis, whether or not he had something to sell.<sup>11</sup>

How could the farmer continue to buy when, first, he had no surplus or, later, he had a surplus insufficient to pay both for earlier purchases and for his current needs? Various expedients to raise funds might be available, but almost universally the farmer coped in part by going into debt. Despite the views of some historians, debt was not engendered by the baneful domination of the business classes nor was it an irrational choice by the farmer; rather, it was both an essential for survival and a potentially profitable investment in the future.<sup>12</sup> This is equally true whether debts were only for land or, as was usual and, one suspects, more important in absolute amounts, for the stores and other goods needed to survive. Commercial credit, while nominally short term, gave the farmer time to bring his farm into production. When much of the farmer's investment in his land took the form of his own labour, the funds that sustained him, however they were advanced, were creating fixed capital. This suggests that the frequently encountered distinction between long and short term, or fixed and circulating, capital, had at most very modest reality in the pioneer phase of the economy.<sup>13</sup>

To go into debt was, therefore, a reasonable investment strategy; indebtedness was further necessitated by the normal problems of fluctuating harvests and

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10. K. Kelly, "Wheat Farming in Simcoe County in the Mid-Nineteenth Century", *Canadian Geographer*, xv (1971), pp. 103-4; T.F. McIlwraith, "The Logistical Geography of the Great Lakes Grain Trade, 1820-1850", (Ph.D. thesis, University of Wisconsin, 1973), p. 70.

11. See the classic statement of this view in V.C. Fowke, *The National Policy and the Wheat Economy* (Toronto, 1957), pp. 11-21.

12. See, for example, Leo Johnson, "The Settlement of the Western District 1749-1850", in F.H. Armstrong, et. al., eds., *Aspects of Nineteenth-Century Ontario* (Toronto, 1974), p. 23; and G.W. Brown, "The Durham Report and the Upper Canadian Scene", *Canadian Historical Review (C.H.R.)*, xx (1939), p. 138.

13. H.C. Pentland, *op. cit.*, pp. 458, 474; T. Naylor, "The Rise and Fall of the Third Commercial Empire of the St. Lawrence", in G. Teeple, ed., *Capitalism and the National Question in Canada* (Toronto, 1972), pp. 6-7. Such authors argue that in Upper Canada there was a shortage specifically of long-term capital. I would argue that capital was more mutable than such analytic distinctions imply. If it is meaningful to speak of a shortage of capital at all (the term "shortage" requires clear definition), then it was capital in all forms that was lacking.

by the erratic and unpredictable course of the British grain market. Because of the time lag involved, the farmer, when he commenced the work of clearing, could not know what the market conditions would be when he at last had a surplus to bring to market.<sup>14</sup> Indeed, because the British market could actually be closed completely, it was possible that his crop would be virtually unsaleable, as the extremely low prices of 1834-5 revealed. Yet, once committed to the process, the farmer had little choice but to go on clearing and to increase his wheat output if he could, even in very poor market conditions—as long as he had the capital or credit to continue. In the circumstances of the wheat market in the 1830's, this implies, for the economy as a whole, an expanding credit supply.

Given the operation of the Corn Laws, the time required to begin to produce a surplus, and the illiquidity of investment in a farm, the creation of a new staple-producing wheat economy involved a degree of risk and uncertainty that was probably higher than for some other early staples and almost certainly higher than to farm in stabler and longer established economies.<sup>15</sup> Such levels of risk were in part reflected in lower land prices than in more established economies, but the other real costs of beginning to farm, such as the costs of imported goods, transport costs to metropolitan markets, and any wages that had to be paid, were not variable in the same way as land costs and they were necessarily higher than in Britain. What would justify someone in paying such costs and undertaking such risks? In all likelihood, the answer lies in the prospect of relatively high returns in terms of initial investment.<sup>16</sup> It is here that the high prices and trade volumes of 1830-1 must come into play; by indicating the kind of profit that might be made, they could generate a new wave of investment and expansion in the economy, even if that wave did not for many years, if ever, yield the anticipated returns.

Consequent upon the market conditions of 1830-1, therefore, it was to be expected that, barring crop failures, the Upper Canadian economy would produce more wheat year by year even if the major overseas market was closed or closing. In that case, it is a problem to know what was done with the wheat. There was a local market in Upper Canada, notably among as-yet unestablished immigrants, lumber camps, labouring gangs on such major projects as canals (although the two largest individual projects were completed just at the beginning of the slide in wheat prices), nascent urban centres, and local distilleries. Further amounts, of course, had to be held back for seed and for the farmer's own consumption. It has been estimated, however, that between 17 and 33 per cent of output was enough to meet all such demands; it has been argued that distilleries, for example, could not have taken more than 1 and lumber camps 2 per cent of Upper Canadian output.<sup>17</sup> There is confirming evidence of the insufficiency of local demand in that such local markets must also have required produce other

14. T. LeGoff, "The Agricultural Crisis in Lower Canada, 1802-12: A Review of a Controversy", *C.H.R.*, iv (1974), pp. 5-7.

15. J.F. Shepherd and G.M. Walton, *Shipping, Maritime Trade and the Economic Development of Colonial North America* (Cambridge, 1972), p. 15.

16. *Ibid.*, p. 20.

17. T.F. McIlwraith, *op. cit.*, pp. 50-90, 334-7.



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than wheat; thus, if they were or could have been the pre-eminent markets for Upper Canadian farmers, agriculture there might have been expected to develop on the basis of a balanced range of market crops rather than on wheat alone. Indeed, such a balanced agriculture did exist in at least one area, the Ottawa Valley. Whether there were other such areas, and if so of what extent and significance, is less certain.

The American market, short of wheat in the years 1835-8 as a result of crop failures, took some Upper Canadian wheat, but similar harvest conditions are said to have affected Upper Canada and thus to have limited the amount it could supply.<sup>18</sup> More generally, Upper Canadian agricultural expansion paralleled American westward expansion, so that the two economies were more competing than complementary in most years prior to the 1850's. As a result, the American market was at best an occasional and not a reliable outlet for Upper Canadian wheat.

The primary market for Upper Canada's surplus wheat in the 1830's must, therefore, have been in Lower Canada where, as is well known, the increasingly vulnerable local wheat economy died almost completely in these years.<sup>19</sup> Evidently the Upper Canadian producer supplanted the Lower Canadian farmer in such markets as the cities and the lumber camps. Sales could also be made to the Lower Canadian farm market itself, but only if the Lower Canadian farmer was both willing to buy and able to find marketable alternate crops rather than, as is often argued, retreating increasingly into self-sufficiency as he was compelled to abandon wheat production. Together these various markets, plus any net increases in stocks along the mercantile pipeline, were insufficient to maintain Upper Canadian prices, but evidently they did permit each year's harvest to be sold, for some income at least, and this must have helped sustain the process of frontier expansion. A sometimes neglected cash crop, ashes, must also have been important in providing some income to farmers.<sup>20</sup> Because of England's long-term inability to increase wheat output as fast as population increased, of which the years from 1829 to 1831 were an indication, these years of investment and uncertainty in the 1830's ultimately paid off; as a result, the 1840's and 1850's brought further large increases in Upper Canadian population, land under culture, and wheat output.

## II

As the 1830's indicate, it was possible for an economy to survive and grow even when faced for some years with steeply declining volumes of exports to metropolitan markets and declining prices for the basic staple export. This sequence of developments in Upper Canada illustrates in turn some of the problems in working at a detailed level with staples theory as an explanatory

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18. R.L. Jones, *op. cit.*, pp. 123-5.

19. F. Ouellet, *Le Bas-Canada 1791-1840: Changements Structuraux et Crise* (Ottawa, 1976), pp. 175-211.

20. T.F. McIlwraith, *op. cit.*, p. 44.

framework.<sup>21</sup> These problems include a lack of specification of both the directions and the weights of linkages amongst the economic variables and a tendency to assert, more than to demonstrate, the ways in which the leading export sector has drawn the rest of the economy forward or held it back.

It has often been argued, for example, that the wheat staple was backwardly linked to transport investments and improvements.<sup>22</sup> This seems to have been true of local roads, which were improved as local resources permitted,<sup>23</sup> but the perceived need for and the decision to undertake such larger improvements as canals or trunk roads were, it can be argued, relatively autonomous from the staple sector<sup>24</sup> and directly related to it only insofar as funds had *eventually* to be found in the economy to pay for such improvements. The decision to build the Rideau and Welland canals preceded, and the actual construction was at least partially independent of, the contemporaneous wheat boom of 1829-31. It is evident that elites and governments anticipated rising demand and that at some point farmers would have been able to plan in anticipation of the completion of such works, but that is not the same as saying that the improvements had direct and necessary backward links from staple expansion. If this is arguable for Canadian canals, whose capacity greatly exceeded available traffic volumes,<sup>25</sup> it is much more so for the railroads that were developed in the 1850's. Despite Innis, who argued that wheat "involved railways",<sup>26</sup> it should not be assumed that they were necessitated by the dictates of the wheat staple rather than by the politics of interested groups, notably the elites of competing cities and towns, and by the availability of credit in Britain to these groups and the government.

Typically, economic expansion occurred in a wave-like pattern, despite the more erratic year-by-year course of exports from the staple sector. This suggests

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21. These problems have been widely discussed. See T.J.O. Dick, "Frontiers in Canadian Economic History", *Journal of Economic History (J.E.H.)*, xxxvi (1976), p. 35; M.H. Watkins, "A Staple Theory of Economic Growth", in W.T. Easterbrook and M.H. Watkins, eds., *Approaches to Canadian Economic History* (Toronto, 1967), p. 50; J.D. Gould, *Economic Growth in History, Survey and Analysis* (London, 1972), pp. 102-5; and K. Buckley, "The Role of Staple Industries in Canada's Economic Development", *J.E.H.*, xviii (1958), pp. 439-60.
  22. M.H. Watkins, *op. cit.*, p. 55; C.F.J. Whebell, "Corridors: A Theory of Urban Systems", *Annals of the Association of American Geographers*, lix (1969), p. 8; J.M. Gilmour, *Spatial Evolution of Manufacturing: Southern Ontario 1851-1891* (Toronto, 1972), p. 16.
  23. T.F. McIlwraith, "The Adequacy of Rural Roads in the Era before Railways: An Illustration from Upper Canada", *Canadian Geographer*, xiv (1970), p. 354.
  24. H.G.J. Aitken, "Government and Business in Canada: An Interpretation", *Business History Review*, xxxviii (1964), pp. 8-13.
  25. T.F. McIlwraith, "Freight Capacity and Utilization of the Erie and Great Lakes Canals before 1850", *J.E.H.*, xxxvi (1976), pp. 865-75.
  26. H.A. Innis, "An Introduction to the Economic History of Ontario from Outpost to Empire", in his *Essays in Canadian Economic History* (Toronto, 1956), p. 116; see also his "Unused Capacity as a Factor in Canadian Economic History", in *Ibid.*, pp. 148, 153.

that the pioneer economy had a momentum that was not predictably, or at least simply, linked to wheat exports. Expectations contributed to this momentum but, while they were based in part on developments in the staple market, it cannot be assumed that they always led or lagged behind observable changes by definite amounts of time. Inevitably, each wave of expansion came to an end, generally when commercial crisis struck the source of colonial capital and credit, the British economy. Adjustments were then required to bring earlier expectations into line with reality, reality being indicated by the economy's ability in a liquidity crisis to maintain payments on the debts incurred during the expansion. Such adjustments were reflected in the writing away of nominal assets by businesses and in reductions in land prices from peak levels; for those farmers, tradesmen, and entrepreneurs who had borrowed more than they could now pay, they often took the more extreme form of bankruptcy and/or moving on.<sup>27</sup> But even failures—the result, in effect, of expectations of the future that proved incorrect—left behind real improvements that could benefit others, thus permitting the economy to carry on to renewed expansion when more favourable conditions returned.

Staples theory offers a good deal of insight into the relationships of a “mature” staple economy to a wider metropolitan setting, but arguments such as these suggest viewing at least the *development* of a staple rather as a particular example of an investment process, which need not require a special approach through staples theory. From this viewpoint, a staple export boom appears less as the cause than as the result of growth, which first involved increased imports of people, goods, and capital.<sup>28</sup> It is these which the historian needs first to measure and to explain. Investment did not take place in a vacuum, without cognizance of potential opportunities, including those in the export sector, but it is hard to see the export sector as such as chronologically or analytically antecedent. The economy of Upper Canada was more complex than a narrow focus on the wheat staple alone would imply,<sup>29</sup> and the institutions and productive activities of that more complex economy deserve investigation; they ought not to be assumed to have been simply subservient to and consequent upon the staples sector. To say this is not to deny that exports needed to be developed to pay for imports, but the imports came first. Indeed, through the commercial system, imports could, to some degree, be capitalized, so that as little as the interest on their value might need to be paid immediately, rather than their entire cost. Such capitalization could occur, for example, through the development of local banks, which could transform promises to pay into money, and through the conversion of mercantile

27. This is an aspect of the more general phenomenon of “transiency”. See M. Katz, *The People of Hamilton, Canada West* (Cambridge, Mass., 1975), *passim*; and D. Gagan and H. Mays, “Historical Demography and Canadian Social History: Families and Land in Peel County, Ontario”, *C.H.R.*, liv (1973), pp. 35-41.

28. E.J. Chambers and D.F. Gordon, “Primary Products and Economic Growth: An Empirical Measurement”, *Journal of Political Economy*, lxxiv (1966), pp. 316-7; K.H. Norrie, “The Rate of Settlement of the Canadian Prairies, 1870-1911”, *J.E.H.*, xxxv (1975), p. 414.

29. K. Buckley, *op. cit.*, p. 444; J.D. Gilmour, *op. cit.*, p. 27; D. Gagan and H. Mays, *op. cit.*, pp. 38, 41.

credits into longer term investments, as when a merchant capitalized debts owed him by a customer.<sup>30</sup>

These arguments suggest a need for a more detailed and explicit model into which to fit Upper Canadian development. Such a model is needed above all to account for the timing and extent of movements of factors of production into (and out of) the new territory and to elaborate upon the consequences of each such wave. Through the use of economic indicators such as those drawn upon as examples in this paper, it should be possible to describe more clearly than hitherto at least the "extensive" growth of the Upper Canadian economy. This being established, it will also be necessary to explore the still more complex question of the economy's "intensive" growth, that is, growth in real income and in productivity.<sup>31</sup> An understanding of the latter will require evidence on such matters as shifts in Upper Canada's terms of trade and on improving productivity, whether technological (as in transport), organizational (as in the emergence of more specialized and efficient economic institutions), or as a result of an increase in productive resources (including cleared land) per capita.<sup>32</sup>

To take an investment approach is not to ignore that in many respects the new economy was more specialized than and therefore rather different from the metropolitan one of which it was an offshoot. But the emphasis that such an approach will take is likely to vary somewhat from that of a staples approach. The latter has given special attention to the geography and technology of the staple commodity, which have sometimes been seen as virtually determining the character of the entire society that developed around the staple.<sup>33</sup> Geography and technology, as they were involved in the expansion of the Upper Canadian wheat staple, were, however, largely given. The interesting historical questions are what determined the timing, the extent, and the consequences of investment in the application of known technology to known resources; the focus, therefore, will be on factors which changed, rather than on factors which, however basic, remained relatively constant.

Just as with the staples approach, an investment approach will emphasize the metropolitan economy of Britain as crucial to the dynamics of Upper Canada's economic change. In the simplest version of staples theory, however, that process may be pictured as one of dependence in terms of sales of export commodities. But that is only an aspect of a more complex process involving the trans-Atlantic

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30. A.H. Imlah, *Economic Elements in the Pax Britannica: Studies in British Foreign Trade in the Nineteenth Century* (Cambridge, Mass., 1958), pp. 70-5; B. Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton, 1957), pp. vii-ix; D. McCalla, "The Buchanan Businesses, 1834-1872: A Study in the Organization and Development of Canadian Trade", (D. Phil. thesis, Oxford University, 1972), pp. 170-2.

31. J.H. Dales, *The Protective Tariff in Canada's Development* (Toronto, 1966), pp. 154-8.

32. J.F. Shepherd and G.M. Walton, *op. cit.*, pp. 6-26.

33. R. Neill, *A New Theory of Value: The Canadian Economics of H.A. Innis* (Toronto, 1972), pp. 40-4.

movement of people and capital (a good deal of the latter, it should be recalled, in the form of goods). To understand these movements, it is essential to consider conditions in the British economy ranging well beyond demand for the staple product as such. Britain supplied, through growth and industrialization, the long-term stimuli for colonial expansion; through competition, the incentive and/or necessity for some of its capitalists and some of its middle and poorer classes to seek opportunity for themselves or (sometimes through intermediaries) their funds, abroad; through its financial institutions, capital resources, and credit system, the means to develop these opportunities; through its markets, the demand for such produce as the newly opened areas eventually yielded; and through its policies and, even more, its business cycle, the controls that largely determined the trade cycle in the newly opened economy. All of these were involved in determining the character and pace of development in Upper Canada.

Of course the production and marketing of Upper Canada's wheat must be analyzed, but they cannot be considered independently. For example, it does not seem possible that one could say that, given certain conditions in the wheat market, certain consequences would necessarily have followed, and in a specified time. Research must therefore proceed more broadly. Central to it will be the processes and the extent of capital migration, management, formation, and diffusion, at private and public levels. This requires an understanding both of banking and of other credit systems, public and private, that pre-dated or supplemented the banks; in all cases, the focus needs to be less on such issues as the politics of banks and more on the actual business activities and economic implications of these credit mechanisms. Finally, fundamental to this approach is the view that to increase our understanding of economic change and growth in Upper Canada, it is necessary to develop a clearer economic chronology; a stronger, logically integrated understanding of the processes of economic change; and more satisfactory measures of the scale and intensity of the successive waves of expansion that produced the Upper Canadian economy.

### Résumé

On a dit, et sans doute avec raison, que le commerce du blé fut à la base du développement économique du Haut-Canada. Cependant, si l'on tente d'organiser la masse des données accumulées à date de façon à construire un modèle qui rende compte à la fois du progrès économique et de sa chronologie, de multiples difficultés surgissent en ce qui concerne la séquence des changements et la place qu'y a pris le blé, particulièrement, le blé exporté. Par exemple, si le blé exporté a engendré le développement qu'est-ce donc qui a permis qu'on en produise autant? N'est-il pas possible que ces facteurs antérieurs soient plus en mesure d'expliquer le processus du progrès économique? Ce sont là les questions que se pose l'auteur en examinant la situation et les événements de la décennie 1830.

Ce qui frappe, au départ, c'est que la période 1832-1838 augure mal pour le Haut-Canada à cause des bonnes récoltes en Grande-Bretagne. Pourtant, la

population augmente régulièrement de même que le nombre d'acres en culture. L'habitant emprunte pour continuer de produire et l'auteur y voit la preuve que, d'une part, l'endettement est considéré comme une stratégie d'investissement raisonnable et que, d'autre part, il existe un autre marché pour le blé haut-canadien à l'époque, en l'occurrence, celui du Bas-Canada. Autre problème: l'on constate que le blé n'est pas nécessairement à la base du développement d'autres secteurs; ainsi, les canaux se construisent pour des motifs militaires, et ce, bien avant les bonnes récoltes de 1829-1831.

Il ne s'agit là que de quelques exemples que l'auteur apporte à l'appui de son assertion première selon laquelle la question du blé ne peut suffire à expliquer le développement économique du Haut-Canada. Il suggère donc de recourir à une approche différente par l'étude de l'investissement. Celle-ci, dit-il, rendra mieux compte de la place des capitaux britanniques dans l'économie haut-canadienne, des mécanismes de crédit et de la gamme des activités commerciales. Il insiste, de plus, sur l'importance d'établir une véritable chronologie du progrès économique: alors seulement sera-t-il possible d'étudier les phases du progrès et leur intensité respective.